Equated Yield
Implied Growth
Initial Yield
Tables

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Lease Term: 6yrs
Review/s: 3yrs

EQUATED YIELD (%)
(Discount Rate)

Growth / Initial yield (%)	3%	4%	5%	6%	6.5%	7%	7.5%	8%	8.5%	9%	9.5%	10%	10.5%	11%	11.5%	12%	12.5%	13%	14%	15%	18%	20%
3.00	5.84	6.79	7.74	8.69	9.16	9.65	10.12	10.59	11.07	11.55	12.03	12.51	12.99	13.47	13.94	14.43	14.90	15.38	16.34	17.30	20.20	22.12
3.25	6.08	7.02	7.97	8.91	9.39	9.87	10.34	10.82	11.29	11.76	12.25	12.71	13.20	13.67	14.15	14.62	15.10	15.58	16.54	17.50	20.39	22.31
3.50	6.32	7.26	8.20	9.14	9.61	10.09	10.56	11.04	11.50	11.98	12.46	12.93	13.40	13.88	14.35	14.83	15.30	15.78	16.73	17.69	20.56	22.48
3.75	6.56	7.49	8.43	9.37	9.83	10.31	10.78	11.25	11.72	12.19	12.66	13.14	13.62	14.08	14.56	15.04	15.50	15.98	16.94	17.88	20.75	22.66
4.00	6.79	7.72	8.65	9.59	10.06	10.52	11.00	11.47	11.94	12.41	12.88	13.35	13.82	14.29	14.76	15.23	15.70	16.19	17.14	18.07	20.93	22.84
4.25	7.03	7.95	8.89	9.82	10.29	10.75	11.22	11.68	12.15	12.62	13.09	13.56	14.03	14.50	14.98	15.44	15.92	16.38	17.32	18.27	21.12	23.03
4.50	7.27	8.19	9.12	10.05	10.50	10.97	11.44	11.91	12.37	12.83	13.30	13.77	14.23	14.70	15.18	15.65	16.11	16.58	17.52	18.47	21.30	23.20
4.75	7.50	8.43	9.35	10.27	10.73	11.19	11.65	12.12	12.59	13.05	13.51	13.98	14.45	14.91	15.38	15.85	16.31	16.78	17.72	18.67	21.48	23.37
5.00	7.74	8.66	9.58	10.49	10.95	11.42	11.88	12.33	12.81	13.27	13.73	14.19	14.66	15.13	15.58	16.05	16.52	16.99	17.92	18.86	21.67	23.55
5.25	7.98	8.89	9.80	10.72	11.18	11.63	12.09	12.55	13.02	13.48	13.94	14.40	14.86	15.32	15.80	16.26	16.73	17.18	18.12	19.05	21.86	23.74
5.50	8.22	9.13	10.04	10.95	11.40	11.86	12.32	12.78	13.24	13.69	14.36	14.61	15.08	15.53	16.00	16.46	16.92	17.38	18.31	19.25	22.04	23.91
5.75	8.45	9.40	10.30	11.17	11.62	12.08	12.54	13.00	13.46	13.92	14.40	14.82	15.29	15.74	16.20	16.67	17.12	17.58	18.51	19.44	22.23	24.10
6.00	8.69	9.59	10.49	11.40	11.85	12.31	12.76	13.21	13.67	14.13	14.59	15.04	15.49	15.96	16.41	16.87	17.34	17.79	18.71	19.63	22.42	24.29
6.50	9.17	10.06	10.95	11.85	12.30	12.75	13.20	13.66	14.11	14.56	15.02	15.47	15.92	16.38	16.83	17.28	17.75	18.21	19.11	20.04	22.80	24.65
7.00	9.64	10.52	11.42	12.31	12.76	13.19	13.65	14.10	14.54	14.99	15.44	15.89	16.34	16.80	17.25	17.70	18.15	18.60	19.52	20.43	23.18	25.01
7.50	10.12	11.00	11.88	12.76	13.21	13.65	14.09	14.54	14.98	15.43	15.87	16.31	16.77	17.21	17.66	18.12	18.57	19.02	19.92	20.83	23.55	25.38
8.00	10.60	11.46	12.34	13.21	13.65	14.09	14.53	14.97	15.41	15.86	16.31	16.75	17.19	17.64	18.08	18.53	18.98	19.42	20.32	21.23	23.93	25.75
8.50	11.07	11.93	12.80	13.67	14.10	14.54	14.98	15.42	15.86	16.29	16.73	17.17	17.62	18.06	18.49	18.94	19.39	19.83	20.73	21.61	24.32	26.12
9.00	11.55	12.40	13.27	14.13	14.56	15.00	15.42	15.86	16.29	16.73	17.17	17.60	18.05	18.48	18.93	19.36	19.79	20.25	21.13	22.01	24.70	26.48
9.50	12.03	12.88	13.72	14.58	15.01	15.44	15.87	16.31	16.73	17.17	17.60	18.03	18.47	18.91	19.33	19.78	20.22	20.65	21.53	22.42	25.07	26.87
10.00	12.51	13.35	14.20	15.04	15.47	15.89	16.32	16.75	17.18	17.61	18.04	18.47	18.90	19.32	19.77	20.19	20.63	21.07	21.95	22.82	25.46	27.24
10.50	12.98	13.82	14.66	15.49	15.92	16.34	16.76	17.19	17.62	18.05	18.47	18.90	19.32	19.75	20.19	20.61	21.05	21.48	22.35	23.21	25.85	27.61
11.00	13.47	14.29	15.13	15.95	16.37	16.80	17.21	17.63	18.06	18.48	18.91	19.33	19.76	20.18	20.61	21.04	21.47	21.90	22.75	23.63	26.22	27.98
11.50	13.95	14.77	15.59	16.42	16.84	17.25	17.67	18.08	18.50	18.91	19.34	19.77	20.19	20.61	21.03	21.46	21.89	22.31	23.16	24.03	26.61	28.37
12.00	14.43	15.23	16.05	16.87	17.29	17.71	18.12	18.53	18.94	19.36	19.78	20.20	20.62	21.04	21.45	21.88	22.30	22.73	23.57	24.44	27.01	28.75

Lease Term: 10 yrs (4yrs)
Review/s: 2yrs

EQUATED YIELD (%)
(Discount Rate)

Growth / Initial yield (%)	3%	4%	5%	6%	6.5%	7%	7.5%	8%	8.5%	9%	9.5%	10%	10.5%	11%	11.5%	12%	12.5%	13%	14%	15%	18%	20%
3.00	5.92	6.89	7.87	8.85	9.33	9.82	10.31	10.80	11.28	11.77	12.26	12.74	13.23	13.73	14.21	14.70	15.19	15.68	16.65	17.64	20.56	22.52
3.25	6.17	7.14	8.11	9.08	9.57	10.05	10.54	11.03	11.51	12.00	12.48	12.97	13.46	13.95	14.44	14.92	15.42	15.90	16.87	17.85	20.77	22.73
3.50	6.41	7.38	8.34	9.32	9.80	10.29	10.77	11.26	11.74	12.23	12.72	13.20	13.69	14.17	14.66	15.15	15.64	16.12	17.09	18.07	21.00	22.94
3.75	6.65	7.62	8.59	9.55	10.04	10.53	11.01	11.49	11.98	12.46	12.94	13.44	13.91	14.40	14.88	15.38	15.86	16.35	17.32	18.29	21.22	23.15
4.00	6.90	7.86	8.83	9.79	10.28	10.76	11.25	11.72	12.21	12.69	13.18	13.66	14.14	14.63	15.11	15.60	16.09	16.57	17.54	18.50	21.42	23.37
4.25	7.14	8.10	9.06	10.03	10.51	10.99	11.48	11.96	12.44	12.92	13.40	13.89	14.38	14.86	15.34	15.83	16.31	16.78	17.76	18.73	21.63	23.58
4.50	7.38	8.34	9.30	10.26	10.74	11.22	11.71	12.19	12.67	13.15	13.63	14.11	14.60	15.08	15.57	16.06	16.52	17.01	17.98	18.95	21.85	23.80
4.75	7.63	8.58	9.55	10.50	10.98	11.46	11.95	12.42	12.91	13.38	13.87	14.34	14.83	15.31	15.79	16.27	16.76	17.23	18.20	19.18	22.07	23.99
5.00	7.87	8.83	9.78	10.74	11.22	11.69	12.18	12.66	13.13	13.61	14.09	14.58	15.06	15.53	16.02	16.50	16.98	17.46	18.42	19.39	22.28	24.22
5.25	8.11	9.07	10.02	10.97	11.45	11.94	12.41	12.89	13.37	13.84	14.33	14.81	15.28	15.76	16.24	16.73	17.20	17.68	18.64	19.61	22.50	24.43
5.50	8.35	9.31	10.26	11.21	11.69	12.17	12.64	13.13	13.60	14.08	14.55	15.04	15.51	15.99	16.47	16.96	17.43	17.91	18.87	19.83	22.72	24.64
5.75	8.60	9.55	10.50	11.45	11.93	12.40	12.88	13.36	13.83	14.30	14.79	15.27	15.75	16.22	16.70	17.17	17.65	18.13	19.09	20.04	22.93	24.85
6.00	8.84	9.79	10.74	11.69	12.16	12.64	13.11	13.59	14.06	14.54	15.01	15.49	15.96	16.45	16.92	17.40	17.87	18.36	19.31	20.27	23.13	25.07
6.50	9.33	10.27	11.22	12.16	12.63	13.12	13.58	14.06	14.53	15.00	15.48	15.95	16.43	16.89	17.37	17.86	18.33	18.81	19.76	20.71	23.58	25.48
7.00	9.81	10.75	11.70	12.64	13.11	13.58	14.05	14.53	15.00	15.47	15.94	16.42	16.88	17.36	17.83	18.31	18.77	19.25	20.20	21.15	24.01	25.92
7.50	10.30	11.25	12.18	13.12	13.58	14.05	14.52	14.99	15.45	15.94	16.40	16.87	17.34	17.81	18.28	18.76	19.23	19.71	20.65	21.60	24.43	26.34
8.00	10.79	11.72	12.65	13.59	14.06	14.53	14.99	15.46	15.93	16.40	16.86	17.33	17.81	18.27	18.75	19.20	19.68	20.16	21.10	22.04	24.86	26.76
8.50	11.28	12.21	13.13	14.07	14.53	14.99	15.46	15.93	16.39	16.85	17.33	17.80	18.27	18.73	19.20	19.66	20.13	20.60	21.54	22.48	25.31	27.19
9.00	11.77	12.70	13.61	14.54	15.01	15.46	15.93	16.39	16.86	17.33	17.79	18.25	18.71	19.18	19.65	20.12	20.59	21.06	21.98	22.92	25.75	27.61
9.50	12.26	13.17	14.10	15.02	15.48	15.94	16.40	16.86	17.33	17.79	18.25	18.71	19.18	19.65	20.10	20.57	21.04	21.51	22.43	23.36	26.17	28.05
10.00	12.75	13.66	14.58	15.50	15.95	16.42	16.88	17.34	17.79	18.26	18.72	19.17	19.64	20.11	20.56	21.03	21.50	21.95	22.89	23.82	26.60	28.46
10.50	13.24	14.15	15.05	15.98	16.43	16.89	17.34	17.81	18.26	18.72	19.19	19.63	20.11	20.55	21.03	21.49	21.95	22.41	23.32	24.25	27.03	28.89
11.00	13.73	14.63	15.54	16.45	16.90	17.36	17.82	18.27	18.73	19.18	19.64	20.10	20.56	21.02	21.48	21.94	22.40	22.85	23.78	24.70	27.48	29.32
11.50	14.20	15.11	16.02	16.92	17.38	17.84	18.29	18.73	19.20	19.65	20.11	20.57	21.03	21.47	21.93	22.39	22.84	23.30	24.22	25.13	27.91	29.75
12.00	14.70	15.60	16.50	17.39	17.85	18.30	18.76	19.21	19.66	20.12	20.58	21.02	21.48	21.94	22.40	22.85	23.31	23.76	24.68	25.58	28.35	30.19

Lease Term: 10yrs (4yrs)
Review/s: 2yrs

INITIAL YIELD (%)

Discount Rate % / Growth Rate (%)	10%	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%	25%	30%
3.00	7.27	8.31	9.35	10.37	11.38	12.45	13.42	14.52	15.60	16.59	17.70	22.71	27.88
4.00	6.28	6.36	8.35	9.39	10.50	11.52	12.60	13.59	14.70	15.59	16.78	21.98	27.03
5.00	5.28	6.34	7.41	8.46	9.50	10.53	11.56	12.63	13.75	14.70	15.77	20.99	26.06
6.00	4.28	5.34	6.41	7.46	8.51	9.55	10.66	11.69	12.78	13.76	14.87	20.07	25.60
6.50	3.76	4.84	5.90	6.94	8.06	9.13	10.14	11.28	12.29	13.33	14.38	19.77	25.15
7.00	3.24	4.32	5.39	6.46	7.51	8.61	9.67	10.70	11.83	12.92	13.92	19.22	24.73
7.50	2.70	3.79	4.88	5.95	7.03	8.10	9.17	10.27	11.30	12.43	13.48	18.70	24.33
8.00	2.18	3.26	4.36	5.43	6.50	7.60	8.66	9.78	10.83	11.87	12.95	18.45	23.52
8.50	1.64	2.74	3.82	4.90	5.99	7.08	8.15	9.28	10.30	11.45	12.46	17.97	23.15
9.00	1.10	2.20	3.29	4.40	5.47	6.58	7.65	8.77	9.83	10.96	11.99	17.52	22.80
9.50	0.56	1.66	2.76	3.86	4.96	6.07	7.17	8.25	9.32	10.42	11.47	16.88	22.44
10.00	0.00	1.11	2.21	3.33	4.42	5.52	6.63	7.74	8.81	9.94	10.99	16.48	21.77
10.50		0.56	1.67	2.79	3.89	5.00	6.11	7.21	8.30	9.43	10.55	15.90	21.45
11.00		0.00	1.12	2.24	3.35	4.46	5.59	6.68	7.79	8.92	9.98	15.54	20.84
11.50			0.56	1.69	2.81	3.94	5.05	6.16	7.26	8.39	9.48	15.04	20.56
12.00			0.00	1.13	2.26	3.38	4.50	5.64	6.76	7.88	8.96	14.56	19.98
12.50				0.57	1.70	2.84	3.96	5.09	6.20	7.35	8.44	13.97	19.45
13.00				0.00	1.13	2.28	3.42	4.54	5.68	6.80	7.93	13.57	18.96

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Explanatory Notes

The accompanying tables have been prepared with the aid of Colliers computer facility for assistance to owners and valuers involved in the investment market. The function of the individual tables is briefly explained below subject to three major considerations:

1. The movement of rent (cash flow) monthly in advance.
2. The income stream is calculated in perpetuity, before taxation.
3. The property is 'rack rented.'

I. EQUATED YIELD TABLES

This table demonstrates that given an annual growth expectation (tabulated between 3% and 20%) and an initial yield (3% to 12%) the Equated Yield (I.R.R.) can be determined on the basis the property is let for the designated term, in this case 6 or 10 years with rent reviews as stipulated.

For example, utilising the 10 year model, if the expected growth rate is 12% then referring to the Table it can be ascertained that when purchasing an investment to show an initial yield of 5.75% the investor is accepting a term average yield of 17.17%.

II. INITIAL YIELD TABLE

By using the model of a 10 year lease with 2 year rent reviews this table in effect, indicates what Initial Yield is required given discount and long term growth rates.

As an example if the required equated yield is 15% and the purchaser expects the rental value to appreciate at 8% per annum then the acquisition price, before costs, should reflect an Initial Yield down to 7.6%.

III. IMPLIED GROWTH RATE TABLE

This table demonstrates the annual Growth rate applicable to the full rental value of an investment which at given discount and initial yield rates is necessary to discount the net cash flow to the original capital investment.

By reference to the table if the discount rate is 18% it can be seen, by using the model of a 10 years lease with 2 year rent reviews, that an investment showing an initial yield of 5% has a long term average growth rate of 13.36%.

Lease Term: 10yrs (4yrs)
Review/s: 2yrs

IMPLIED GROWTH RATE (%)

Discount Rate %	9%	10%	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%	21%	22%	23%	24%
Initial Yield (%)																
3.00	6.16	7.18	8.21	9.23	10.27	11.28	12.31	13.33	14.35	15.37	16.40	17.42	18.45	19.47	20.49	21.51
3.25	5.77	6.95	7.97	9.00	10.03	11.05	12.08	13.10	14.13	15.15	16.18	17.21	18.23	19.26	20.28	21.30
3.50	5.67	6.70	7.73	8.77	9.80	10.83	12.53	12.88	13.91	14.93	15.95	16.98	18.00	19.03	20.06	21.09
3.75	5.53	7.03	7.50	8.52	9.53	10.58	11.60	12.64	13.67	14.70	15.73	16.75	17.77	18.81	19.84	20.88
4.00	5.19	6.22	7.27	8.30	9.31	10.34	11.39	12.41	13.44	14.49	15.51	16.54	17.57	18.59	19.62	20.65
4.25	4.93	5.99	7.00	8.04	9.09	10.10	11.14	12.20	13.22	14.24	15.28	16.31	17.35	18.38	19.41	20.43
4.50	4.69	5.76	6.76	7.80	8.87	9.90	10.85	11.96	12.99	14.02	15.05	16.09	17.13	18.15	19.18	20.21
4.75	4.44	5.51	6.55	7.59	8.63	9.64	10.70	11.73	12.78	13.78	14.81	15.85	16.89	17.93	18.97	20.01
5.00	4.19	5.28	6.23	7.32	8.35	9.44	10.44	11.48	12.54	13.56	14.60	15.63	16.68	17.71	18.74	19.77
5.25	3.95	4.94	6.03	7.12	8.07	9.17	10.16	11.24	12.31	13.33	14.37	15.40	16.45	17.48	18.52	19.55
5.50	3.70	4.69	5.73	6.79	7.83	8.93	9.91	11.01	12.05	13.10	14.14	15.18	16.21	17.25	18.29	19.33
5.75	3.45	4.50	5.49	6.65	7.64	8.69	9.74	10.78	11.80	12.88	13.92	14.96	15.99	17.03	18.07	19.11
6.00	3.14	4.19	5.24	6.30	7.35	8.39	9.45	10.52	11.59	12.62	13.67	14.72	15.80	16.84	17.87	18.90
6.50	2.64	3.61	4.74	5.88	6.93	7.99	8.96	10.04	11.09	12.17	13.21	14.26	15.28	16.34	17.39	18.44
7.00	2.13	3.19	4.24	5.31	6.28	7.43	8.40	9.58	10.63	11.70	12.74	13.79	14.85	15.90	16.94	17.99
7.50	1.52	2.69	3.66	4.72	5.88	6.95	8.00	9.05	10.16	11.18	12.24	13.30	14.41	15.46	16.50	17.55
8.00	1.12	2.08	3.26	4.22	5.49	6.55	7.63	8.57	9.64	10.70	11.77	12.83	13.94	14.99	16.04	17.09
8.50	0.49	1.69	2.64	3.95	4.89	5.97	7.04	8.11	9.17	10.25	11.31	12.37	13.41	14.48	15.54	16.61
9.00	0.11	1.19	2.27	3.21	4.29	5.49	6.55	7.50	8.70	9.78	10.84	11.90	12.89	13.97	15.04	16.12
9.50	0.54	0.54	1.77	2.71	3.93	4.72	6.07	7.01	8.16	9.28	10.35	11.41	12.50	13.56	14.63	15.69
10.00	1.22	0.02	0.96	2.20	3.44	4.21	5.59	6.67	7.67	8.72	9.80	10.88	11.98	13.05	14.13	15.20
10.50	1.76	0.66	0.43	1.85	3.09	4.18	4.95	5.96	7.20	8.26	9.33	10.41	11.52	12.59	13.67	14.74
11.00	2.28	1.00	0.10	1.20	2.28	3.37	4.46	5.63	6.63	7.77	8.85	9.93	10.96	12.04	13.13	14.22
11.50	2.61	1.71	0.22	0.68	1.77	2.88	3.79	5.07	6.07	7.31	8.38	9.46	10.49	11.58	12.66	13.75
12.00	3.12	2.02	1.12	0.17	1.28	2.37	3.47	4.57	5.47	6.79	7.87	8.96	10.01	11.10	12.18	13.27

A full copy of Colliers Investment Tables in book form can be obtained by application to any of our offices.

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